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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Virginia Telephone Association

April 13, 1993

Office of the Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: F.C.C. Docket 93-6


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Please accept the attached as comments to be considered in the above referenced docket, F.C.C. 93-6. These comments are filed by the Virginia Telephone Association (VTA) on behalf of the member companies listed.

Yours,


Ralph L. Frye
Executive Director

RLF/kf

cc: F.C.C. Commissioners

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARYINTRODUCTION

The Companies listed on Attachment A submit the following comments requesting respectfully that the Federal Communications Commission consider them in CC Docket 93-6.

NECA BOARD COMPOSITION

The present NECA Board composition has served NECA members well. The respondents strongly support the continued representation on the NECA Board by nine Subset 3 members. Nine Subset 3 representatives are required due to the large number of companies and the diverse characteristics of the companies within this subset. Any change in the number of NECA Board members which may result from this proceeding should in no way reduce representation for the small companies that comprise Subset 3.

ON-LINE ACCESS TO NECA DATA BASES

The respondents have concerns about the Commission's proposal that NECA provide on-line, dial-up access to its computer-based data files. On-line access poses serious security risks and will result in added administrative costs which would outweigh any benefit to be obtained. No other carriers, including Tier 1 LECs which comprise over 90% of industry revenues, are required to provide access to computer databases. Requiring NECA pool participants to provide this information is inconsistent with other Commission decisions which seek to minimize filing requirements for small LECs.

DATA CERTIFICATION

The Commission should not impose any additional rules requiring certification of data provided to NECA by LEC officers or employees. Sufficient data review which meets acceptable accounting and audit

practices can be achieved without imposing such rules. Further, much of the data provided to NECA for tariff and settlements purposes is estimated. It is unrealistic to suppose that LEC employees are in a position to certify estimates.

COMPENSATION

The six member Compensation Committee of the NECA Board reviews and approves compensation plans for NECA employees. This Committee can and does deal with the complex issues raised by the Commission concerning incentive compensation. The "incentive compensation" issue, or any other compensation issue, should be left in the hands of the NECA Board that is held responsible for the overall operation of NECA. Further, the respondents believe that it would be in the best interest of the FCC, NECA, and all members of NECA, that the full compensation package of the officers of NECA be published at least to member companies.

The respondents, however, believe that incentive compensation, if structured properly, may be helpful in creating efficiencies at NECA. For example, monetary rewards for excellent service to members and cost savings achieved through streamlined operations would benefit not only

pool earnings should not be included to avoid even an appearance of a conflict of interest by NECA in arriving at interpretations of Commission rules.

COST STUDY REVIEW

The respondents believe the Commission's proposal to require NECA to report annually on its cost study review results is reasonable. Such reports, if required by the Commission, should summarize review findings and should not be company specific. Further, the reports should not be used as a measure of NECA's performance.

INDEPENDENT AUDITS FOR NON-POOLING LECs

The proposal to retain independent auditors to review non-pooling LECs would be costly and unnecessary. Many LECs already hire independent auditors to review financial data and hire consultants for cost study work. These auditors and consultants also do work for pooling LECs subject to NECA reviews which provides assurance that pooling and non-pooling LECs have similar or uniform accounting practices.

Non-pooling LECs are likely to file two-year tariffs based on historical costs and demand, using the Commission's Section 61.39 rules. Therefore, the costs underlying the non-pooling LEC's rates for the two-year period after leaving the pool were already subject to NECA review. The Commission implemented these tariff filing rules to reduce administrative burdens on small companies. Imposing additional burdens on these companies in the form of costly audits is inconsistent with the intent of these rules. Additional regulations are also unnecessary since these companies are already incented to increase efficiency due to the risks inherent in two-year tariffs and depooling, likely resulting in reduced prices for access charge customers. Complaint procedures already exist which can trigger the need for a special audit

if warranted for non-pooling LECs.

UNIVERSAL SERVICE FUND AND AVERAGE SCHEDULES

Attachment A - VTA Member Companies filing in F.C.C. Docket 93-6

Amelia Telephone Corporation
Attn: Bruce Mottern
P.O. Box 22995
Knoxville, TN 37933-0995

Buggs Island Telephone Cooperative
Attn: M. Dale Tetterton, Jr.
P.O. Box 129
Bracey, VA 23919

Burke's Garden Telephone Company
Attn: Sue Moss
P.O. Box 428
Burke's Garden, VA 24608

CFW Telephone Company
Attn: James S. Quarforth
P.O. Box 1990
Waynesboro, VA 22980-1990

Citizens Telephone Cooperative
Attn: James R. Newell
P.O. Box 137
Floyd, VA 24091

Highland Telephone Cooperative
Attn: Elmer E. Halterman
P.O. Box 340
Monterey, VA 24465

MG-W Telephone Company
Attn: L. Ronald Smith
P.O. Box 105
Williamsville, VA 24487

New Castle Telephone Company
Attn: Jerry Harms
P.O. Box 428
New Castle, VA 24127

New Hope Telephone Company
Attn: Kelly L. Chapman
P.O. Box 66
New Hope, VA 24469

North River Telephone Cooperative
Attn: W. R. Fleming
P.O. Box 236
Mt. Crawford, VA 22841-0236

Pembroke Telephone Cooperative
Attn: Stanley Cumbee
P.O. Box 549
Pembroke, VA 24136-0549

Peoples Mutual Telephone Company
Attn: E. B. Fitzgerald, Jr.
P.O. Box 367
Gretna, VA 24557

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Roanoke & Botetourt Telephone Company
Attn: J. Allen Layman
P.O. Box 174
Daleville, VA 24083

Scott County Telephone Cooperative
Attn: James W. McConnell
P.O. Box 487
Gate City, VA 24251

Virginia Telephone Company
Attn: Local Manager
P.O. Box 699
Hot Springs, VA 24445